

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-270-G - ORDER NO. 2006-168
MARCH 23, 2005

IN RE: Request for Investigation to Determine) ORDER ON METER SETS
Whether a Regulation Should Be Promulgated)
Requiring Relocation of Certain Meter Sets or)
Installation of Splash Guards on These Meter)
Sets.)

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of the Office of Regulatory Staff (ORS) for an investigation to determine whether a regulation should be promulgated requiring relocation or installation of splash guards on American Meter Company Type 12 gas meter sets.

A Notice of Public Hearing was published in newspapers of general circulation. As a result, Petitions to Intervene were received from Jan M. Ayer, South Carolina Electric & Gas Company (SCE&G), Piedmont Natural Gas Company, Inc. (Piedmont) and Patriots Energy Group.

A hearing was held before the Commission on January 19, 2006, in the Commission's hearing room, with the Honorable Randy Mitchell, Chairman, presiding. ORS was represented by Shannon B. Hudson, Esquire. Jan M. Ayer was represented by Maureen Floyd, Esquire. SCE&G was represented by Paige Gossett, Esquire. Piedmont was represented by James H. Jeffries, IV, Esquire, and Kerry McTigue, Esquire. Patriots

Energy Group did not appear at the hearing. Witnesses presented were Vernon Gainey, appearing for ORS, Jan M. Ayer, appearing for herself, Martin K. Phalen, appearing for SCE&G, and Mike Forrester, appearing for Piedmont.

II. SUMMARY OF TESTIMONY AND DISCUSSION

The evidence showed that in January of 2005, an incident occurred at a residence in North Augusta involving a Type 12 gas meter set in which the service regulator vent iced over at the time the residence's appliances were calling for gas. When the appliances no longer called for gas and the demand decreased, the regulator was unable to vent, and, therefore, placed undue pressure on the home's fuel line. Subsequently, the home's water heater failed and a fire occurred, which forced the resident (Jan M. Ayer) to evacuate her home and caused significant damage. The evidence also showed that this incident is the only one that has occurred in South Carolina in the nearly 40 years that these meter sets have been in service in this State.

However, even with only one incident, the testimony showed that the regulated gas utilities and municipal natural gas suppliers recognized that, while the probability of such an accident occurring is extremely low, the potential consequences can be quite high. As a result these entities voluntarily developed remediation programs to either install splash guards on the Type 12 meters or reconfigure them to avoid the potential for water entering the service regulator vent and then freezing.

Further, after this occurrence, the ORS issued an Advisory Bulletin to make operators aware of the potential hazard with Type 12 meter sets and asked the operators to evaluate their systems with this problem in mind. In addition, ORS stated that it is

revising its inspection report to add a section asking operators about the referenced meter sets on their systems, and what actions they are taking to address the potential hazard pointed out in the Advisory Bulletin. ORS did not visit the site of the incident which is the genesis of this docket, but relied on reports of investigations conducted by other parties in reaching its conclusion and developing a course of action in response.

Although we are very concerned with the potential ramifications of this incident, we would note two things. First, the evidence showed that this incident is the only one that has occurred in South Carolina in the nearly 40 years that these meter sets have been in service in South Carolina. Second, all gas suppliers immediately embarked upon a remediation plan that would eliminate the potential danger of the frozen service regulator vent from the use of the Type 12 meter by either reconfiguring the meter or by installing splashguards to prevent the accumulation of water in the vent in question. Accordingly, it appears to this Commission, upon consideration of the evidence, that no new regulation need be promulgated under the circumstances. However, we do intend to issue certain other directives in this instance.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. There is no need for promulgation of a regulation concerning this matter. The regulated companies, municipal governments, and other gas suppliers have all committed themselves to a remediation schedule, and all existing Type 12 meters in South Carolina will be either reconfigured or will have splashguards installed on them, so as to prevent the flow of water into the service regulator vent. Any regulation promulgated would become obsolete in light of this remediation program.

2. Although all regulated utilities, municipal governments and other entities have committed to a remediation schedule, all gas suppliers should expedite completion of their remediation programs to the extent possible.

3. All gas suppliers shall provide updates on the status of their remediation programs in six (6) months concerning the progress of their remediation activities as well as the potential for expediting completion of their programs. This will provide natural gas operators and Commissioners an opportunity to discuss any concerns that the operators or Commissioners may have with the remediation plans.

4. 26 S.C. Code Ann. Regs. 103-415 (Supp. 2005) states that each gas system shall, as soon as possible, report by telephone to the Commission each accident happening in connection with operation of its property, facilities, or service, wherein any person shall have been killed or hospitalized with injuries or whereby such reporting is required by Subarticle 8. The regulation further states that each gas system shall, as soon as possible, report by telephone to the Commission all gas leaks not reportable under the above criteria, but resulting in property damage in excess of \$5,000. In considering this case, we question whether \$5,000 is a reasonable criterion to trigger reporting of an incident. Our belief is that it may be too high. We take judicial notice of the fact that, at one time, the criterion in Regulation 103-415 was \$1,000 for reportable accidents. However, we believe that the matter should be studied in our upcoming review of all Commission natural gas regulations, with an eye towards lowering the existing reporting threshold.

5. Further, the testimony was that the Office of Regulatory Staff did not perform an on-site investigation of this incident on its own, but relied on written reports from gas suppliers. We believe that an on-site investigation by ORS Staff would have done much to aid our understanding of the incident in question. Accordingly, we hereby request that ORS conduct on-site investigations of any reportable incidents involving gas meter sets in the future.

IV. ORDER

1. No regulation related to reconfiguration or the furnishing of splash guards for Type 12 gas meters need be promulgated, since gas suppliers have already put into effect remediation plans that will cure the gas meter problem seen in this case.

2. All gas suppliers shall expedite their remediation plans to the extent possible.

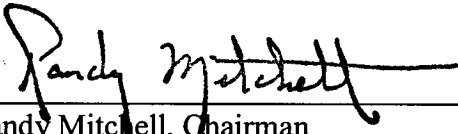
3. All gas suppliers shall give a status report to the Commission and to ORS as to their progress with remediation of Type 12 gas meters six months from their receipt of this Order.

4. Staff shall study the \$5,000 property damage reportability requirement in 26 S.C. Code Ann. Regs. 103-415 (Supp. 2005) with an eye towards lowering that threshold in the future.

5. We hereby request that ORS perform its own on-site investigations of any reportable accidents involving personal or property damage involving gas meter sets under 26 S.C. Code Ann. Regs. 103-415 (Supp. 2005) in the future.


6. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice Chairman

(SEAL)